

Reserve Funding Agreement

between
Metropolitan Life Insurance Company
And
National Aeronautics and Space Administration
And
NASA Employees Benefit Association
("Agreement")

This Agreement is entered into, effective May 1, 2005, by the National Aeronautics and Space Administration ("NASA"), its administrator, the NASA Employees Benefit Association ("NEBA") and Metropolitan Life Insurance Company ("MetLife"). This Agreement sets forth the terms and conditions under which certain reserves shall be established and administered in connection with group term optional life insurance and accidental death and dismemberment insurance benefits provided to NASA employees under Group Policy 117923-G, issued by MetLife to NASA, and effective May 1, 2005 ("Policy").

1. Special Premium Stabilization Reserve

a. A Special Premium Stabilization Reserve (SPSR) will be established to help offset any deficits arising due to the risk assumed under this Policy as a result of job requirements of NASA employees that may involve high risk activities, including, but not limited to, space shuttle flights, experimental flights, and future space program missions. High risk activities do not include covered pilots who fly non-experimental aircraft as part of their job. Deficits arising as a result of such risks are hereinafter referred to as "SPSR Deficits".

b. The SPSR will be established with premium transferred to MetLife from NEBA during the first Policy year. The initial SPSR amount is \$1,500,000. Additional SPSR reserve funding will be generated solely from Surplus (as defined in Section 3 of this Agreement) in future years. Renewal underwriting evaluations by MetLife shall not increase premium rate levels to generate funding for the SPSR.

c. For interest credited to the SPSR, MetLife shall use the then current factors in accordance with its Retrospective Experience Rating Formula. Currently MetLife utilizes the following factors: The index rate is based on six month United States Treasury Bills plus an additional .25% (25 basis points). The Index is a moving average based on the Treasury auction rate for the first weekly action of each month. The rolling average of the first weekly Treasury bill action of each month plus an additional .25% forms the annual interest credit rate.

d. The SPSR shall be used in the following manner: The then current SPSR balance will offset SPSR Deficits under the Policy to the extent SPSR funds are sufficient to do so. In the event that SPSR funds are insufficient to offset any part of an SPSR Deficit in any Policy year that part of the SPSR Deficit will be carried forward into future Policy years until it has been recouped by MetLife.

e. The SPSR requirements will be reviewed by MetLife on an annual basis. The results of the annual SPSR requirement review will be communicated to NEBA within the annual financial report provided by MetLife to NEBA. In any year that the SPSR is determined by MetLife to be under funded, any Surplus remaining after the retrospective experience rate calculation has been completed will be used to fund the SPSR at a level satisfactory to MetLife and NEBA. MetLife will inform NEBA on how changes in the SPSR amount will affect renewal rates. Once this SPSR level is attained, any additional remaining surplus will be used to fund the Premium Stabilization Reserve (PSR).

2. Premium Stabilization Reserve

- a. A Premium Stabilization Reserve (PSR) will also be established to help offset any deficits arising due to risk assumed under this Policy ('PSR Deficits'). PSR Deficits include but are not limited to SPSR Deficits.
- b. The PSR will be established with premium transferred to MetLife from NEBA during the first Policy year. The initial PSR amount is \$1,648,858. Additional PSR funding will be generated solely from Surplus in future years. The PSR requirements will be reviewed by MetLife on an annual basis. The results of the annual PSR requirement review will be communicated to NEBA within the annual financial report provided by MetLife to NEBA. In any year that the PSR is determined by MetLife to be under funded, any Surplus (as defined in 3c below) will be used to fund the PSR at a level satisfactory to MetLife and NEBA. MetLife will inform NEBA on how changes in the PSR amount will affect renewal rates. The maximum amount to be held in the PSR will not exceed an estimate of or the actual amount of premium due in one Policy year.
- c. For interest credited to the PSR, MetLife shall use the then current factors in accordance with its Retrospective Experience Rating Formula. Currently MetLife utilizes the following factors: The index rate is based on six month United States Treasury Bills plus an additional .25% (25 basis points). The Index is a moving average based on the Treasury auction rate for the first weekly action of each month. The rolling average of the first weekly Treasury bill action of each month plus an additional .25% forms the annual interest credit rate.
- d. If a Surplus develops from a Policy year in a multi-year premium rate guarantee period, it will be held until retrospectively experience rated (retro) calculations are completed for all Policy years in the rate guarantee period.
- e. The current PSR balance will be used to offset any SPSR deficits, and current experience period deficits. The current PSR balance will be used to offset future rate increases or to fund premium holidays under the policy.

3. General Provisions

- a. "Retrospective Experience Rating Formula" as used in this Agreement refers to the formula MetLife uses to determine the package position on Group Life and Group Health Policies (a package position can be either zero, a positive number or a negative number).
- b. All calculations in connection with the SPSR and PSR will be subject to and governed by the MetLife Retrospective Experience Rating Formula, which is subject to annual review and revision by MetLife.
- c. "Surplus" as used in this Agreement refers to any surplus remaining under the Policy following the application of the retrospective experience rate calculation and determination of the final deficit or surplus position.
- d. MetLife will provide an accounting for the SPSR and the PSR through the MetLife annual financial accounting exhibit.
- e. In the event of cancellation or discontinuance of the Policy, the full amount of each reserve (SPSR and PSR), less any amount determined by MetLife to be necessary to offset any deficit for the relevant Policy periods(s), after MetLife has completed its financial accounting for the experience of all relevant Policy period(s) will be returned to NASA, or if MetLife is so directed by NASA, transferred to NEBA or to a successor carrier by MetLife, and treated in a manner consistent with Policy requirements.
- f. The parties to this Agreement shall interpret and apply the terms and conditions of this Agreement in accordance with applicable law, and shall comply in all respects with applicable law. In the event of any conflict between the terms and conditions of this Agreement and the Policy, the Policy shall govern.

g. It is agreed and understood that no funds shall be withdrawn funds from either the SPSR or the PSR, other than as provided in this Agreement, prior to the termination of the Policy.

h. This Agreement may be executed in any number of counterparts each of which shall be deemed an original, and these counterparts will constitute but one and the same instrument.

i. This Agreement constitutes the entire contract between the parties with respect to the services described herein, and is intended to supersede any and all prior written or verbal agreements, proposals or representations by and between the Parties with respect to the services described herein.

j. Unless otherwise expressly provided in this Agreement, changes to this Agreement may be made only with agreement of all parties evidenced in a writing signed by authorized officers representing each Party.

k. Unless otherwise specifically provided in this Agreement, the obligations of the parties shall survive termination of this Agreement when necessary to effect the intent of the parties as herein expressed.

l. The waiver by any party of any breach of any provision of this Agreement by another party, shall not be construed as a waiver of any subsequent breach of the same or any other provision of this Agreement. The failure to exercise any right under this Agreement shall not operate as a waiver of any such right.

m. In the event that any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement.

AGREED:

Metropolitan Life Insurance Company

By _____
Name: _____
Title: _____
Date: _____

NASA Employees Benefit Association

By _____
Name: _____
Title: _____
Date: _____

EXAMPLE OF RETROSPECTIVE EXPERIENCE RATING FORMULA CALCULATION

Premium Earned

Plus SPSR and PSR interest

Less Expenses

Less Claims Charge

Less Risk Charge

Less Prior Year Deficit (if any exists)

Equals Balance

If there is a negative balance, the PSR, and if necessary the SPSR, will be reduced to fund the negative balance.

If there is a surplus balance for the experience period, first the surplus will be used to restore the SPSR to the level agreed upon by MetLife and NEBA. The remaining surplus balance can be applied to the PSR upon mutual agreement of NEBA and MetLife, or returned to NEBA as a Retrospective Experience Rate Refund payment.